

A Case of Corona

TEACHING NOTES

The authors prepared this case solely as a basis for class discussion and not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. Although based on real events and despite occasional references to actual companies, this case is fictitious and any resemblance to actual persons or entities is coincidental.

Case Synopsis

The date is February 21st, 2020, and the covid-19 virus is beginning to spread around the world. Known colloquially as the ‘coronavirus’, the spread of this virus is of particular note for Constellation Brands, seller of Corona beer in the US. On the brink of launching a \$40 million campaign for their most valued brand, Chief Marketing Officer Jim Sabia is torn on how to proceed as the severity of the virus is yet unclear. Although Corona beer is the most imported beverage in the US and was ranked the 63rd most valuable brand in the world by Forbes, will this be enough to be unaffected by sharing their name with this virus? With some senior advisors recommending postponing the campaign and others recommending going forward as planned, the responsibility falls on Jim to make a decision. Whether to launch the campaign or not will also inform the company’s overall strategy for the brand, which leads to the question:

What strategy do you suggest the company adapts in their marketing of the Corona brand? Do you go forward with launching the campaign?

Rationale for being an evergreen case

Even though the case of Corona beer and its virus namesake constitutes a crisis, it differs from most cases where companies are stuck in similar situations. Whether through negligence, incompetence or malice, at least some fault of the crisis usually lies with the company. In the case of Corona beer however, none such blame can be levied on the brand or the companies that own it. They are simply the victims of an unfortunate coincidence. Similarly, the crisis has no effect whatsoever on the quality of the product. A Corona beer tastes just the same as it did prior to the pandemic. The only thing that has been affected is the brand itself. This is not the first time something similar has happened, considering for example Ayds Diet Chocolate or Isis Pharmaceuticals mentioned in the case. Both in terms of the COVID-19 pandemic, which has not only caused over two million deaths in barely a year, but also paralyzed the world economy, and also in the strength of the brand affected, ranked among the world’s strongest brands overall and possibly the strongest beer brand. Ayds Diet Chocolate not only suffered from a weak brand, but also sold a product intended for weight loss, which coincidentally is an effect often experienced by AIDS-patients. This differentiates the case from the Corona beer case enough that the same conclusions cannot be assumed. Although Ayds Diet Chocolate was discontinued, Corona beer doesn’t seem to be going down the same road. This makes Corona beer an excellent case to emphasize the importance of brand equity, and how it can be the difference between life and death for a brand in a time of crisis.

Learning Objectives

During the presentation, discussion and evaluation of the Covid-19 pandemic and its impact on Corona beer, the case audience is imparted with several learning objectives. In the following section, these objectives will be defined and analysed according to relevant literature on corporate branding and reputation management.

Our main topics will be focused on corporate brand identity and reputation, corporate communication, issues management and brand equity. The aim of the presented theories and models is to understand their context with respect to the Corona beer case and to apply them to similar situations across different brands and industries.

Brand Equity & Loyalty

Keller’s Brand Equity Pyramid

Keller’s Brand Equity Pyramid (1993) or Customer-based Brand Equity model (CBBE) is highly relevant for the Corona beer case. In Keller’s view, brand equity is defined as the “differential effect of brand knowledge on consumer response to the marketing of the brand.” The mix of rational and emotional elements in the pyramid have the ability to impact purchase intention and drive the lifetime value of a brand. Since its inception, Corona has created a consistent and emotionally engaging brand image, positioning itself in the minds of its consumers through the use of unique brand associations; clear bottle, beach, blue and white branding, calligraphy font and the emblematic golden crown. The mere act of squeezing a wedge of lime into the bottle creates an emotional connection that builds the brand salience. Ultimately, consumers become familiar with the visual expression and an element of trust is established. This may lead to powerful loyalty, making the brand bigger than its name and acting as a barrier against losing customers to competitors. Whether Corona beer has been able to do this is unclear, however, it is plausible that customers recall the product rather than the virus when deciding to purchase beer.

Brand Extensions as equity

Roper and Fill (p.163) talk about the ability of strong brands to launch brand extensions, which is a direct measure of brand equity. Corona launched Corona Seltzer in February, faced a backlash but continued to sell it, without incurring any losses. By leveraging existing brand awareness and associations, it was able to sustain the product in the market.

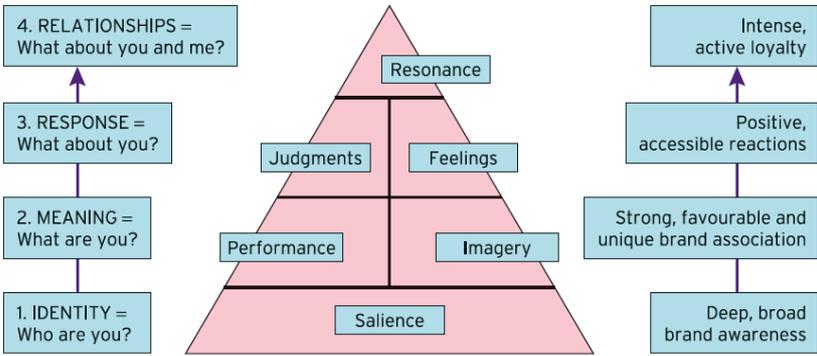


Figure 7.2 The brand equity pyramid.

Issues Management

The spread of the virus was a steady evolving issue. Constellation Brands should be ready for new challenges at any time of the day and scanning the periphery should be their daily routine. Moreover, not only explicit but latent issues need to be considered also (Roper & Fill, 2012). Indeed, fighting the fire is easier when you see the first smoke rather than waiting until the flame takes it all. Similarly, Constellation Brands must have noticed the increased public attention and misconception of their beer brand with the rapidly spreading virus. The company had the time to choose from a variety of strategies to respond to that new arising challenge so the big part of the discussion can be devoted to the issues and crisis management with their relevant strategies. For example, Constellation Brands were initially silent and, whether they did it intentionally or unconsciously, their strategy appeared to be the so-called “silence strategy”. However, that same strategy might accelerate the issues which turned into a crisis when the company stock price dropped suddenly.

Crisis Management

At this new point, the discussion may take the next step where crisis phases and image restoration approaches can be looked at (Roper & Fill, 2012). The most common are the three main stages: pre-impact, impact and readjustment. Looking at Constellation Brands’ public activity in February 2020, the company must have missed the initial phase where scanning and planning occur. Landing right at the impact phase the company had to stand against the crisis without any preparation work done. It was the moment when Constellation Brands realized the issue but without accepting it. However, sharp fall followed by the long stagnation must have influenced the minds at the company because they started to work on restoring their image and strength, thus moving into the third phase, readjustment. Provided that the company did not physically harm anyone, the “simple denial” approach was utilized which was later accompanied by silent “corrective action” when the company deleted all information it could about the marketing campaign.

Message Framing

As the analysis of the Corona beer brand case is based primarily on their marketing and communication efforts, an essential theory is that of message framing. In utilizing message framing, the communications of a company will attempt to focus on positive and beneficial aspects of the company and brand, and shift attention away from the negative aspects (Roper & Fill, 2012 p. 266). In any communication or marketing done by the Corona beer brand, this concept is something they will have paid close attention to. Especially in communications related to the pandemic, such as the CSR campaign to donate to service workers for Constellation Brands or the storytelling campaigns of peoples lives in lockdown for AB InBev, the marketers must have paid particular attention to the use of the word “Corona”. Displaying it too frequently or prominently might draw attention to the name, and facilitate the association to the virus, while not displaying it enough or at all would have separated the brand too much from the communication or advertising and inhibited the association of the brand to the positive message.

Overview of Key Learnings

Key Learning Objectives		
<i>Remembering</i>	...the need for corporate brands to scan the periphery for issues that can threaten their identity core and brand image	Unfortunate name-clash between Corona beer brand and the Coronavirus pandemic
<i>Understanding</i>	...the use of different techniques to reverse any adverse impacts on reputation and image created from internal actions by the company	Key concepts about reputation and image highlighted in the teaching notes and Corporate Brand Management and Reputation course
<i>Applying</i>	...key corporate brand management and reputation strategies and tools to frame and resolve external issues and crisis	Brand Equity and Loyalty, Corporate Communication and Reputation, Crisis Management, Issues Management, Message Framing
<i>Evaluating</i>	...internal and external environment for possible alternatives or solutions to best manage the corporate brand	Actions taken by Corona beer in communicating and restoring its brand image after the marketing crisis
<i>Creating</i>	...contingency plans for short-term and long-term concerning issues and crisis management	Communication plan based on the strategies employed by Corona beer in restoring its brand image

Discussion Questions

The main question posed from the case should be the basis of the discussion among the audience. Should the discussion lose momentum or go off course, the following questions could be asked to get back on track to an interesting discussion:

- Those saying the Corona brand is too strong to be affected, how serious would the pandemic need to become to be able to affect it? 2 million, 20 million, 200 million dead? At what point, if any, is the brand name unsustainable?
- Consider AB InBev – the company selling Corona beer in the rest of the world – and their marketing strategy of CSR and storytelling. How might their strategy be affected differently compared to Constellation Brands in regard to the pandemic?

Teaching Suggestions

The following chapter includes practical suggestions to facilitate the case and achieve predictable outcomes of the studying sessions. Similarly, to the project management we suggest dividing the teaching process into three main phases: plan, execute and conclude.

Plan

In the planning phase it is essential to prepare for the facilitation of the teaching session. Moderators should decide on the format of the event which may take place offline in the class, on-line on the Internet or even in both formats when not all participants have a possibility to attend the event in person.

Provided that most of us are well equipped with Internet-connected devices, moderators should decide if they want to allow or prohibit their use. Prohibiting access to external sources of information is seen to be more favourable because participants will have more opportunity to think outside of the boundaries.

It is advisable to print case materials but also have electronic copy available and accessible in case of on-line or dual format of the meeting.

To achieve deeper dive into the case, all senses of perception must be involved. Thus, it is recommended to use media players to their maximum extent. The usage of video and sound players is highly encouraged.

Execute

Participants of the case should receive complete information about the “rules of the game”, including overall timing, stages of case analysis, and questions which are expected to be answered at the end of the case. It is recommended to display the main question on a wide screen or white board so that everyone could return to it when necessary.

Moderators may recommend participants to assign roles within their group and nominate a note taker. To balance the work and increase the engagement, it is advised that the note taker is not the same with the presenter of the discussion results.

Moderators should stay neutral during the case discussion in order to avoid giving direction of the discussion. Simultaneously they are encouraged to stimulate group activity by emotionally repeating highlights of the case and hence “heating the air”. Groups with low and quiet discussion may be additionally motivated by asking if the task was sufficiently explained and if the group has generated any preliminary ideas already.

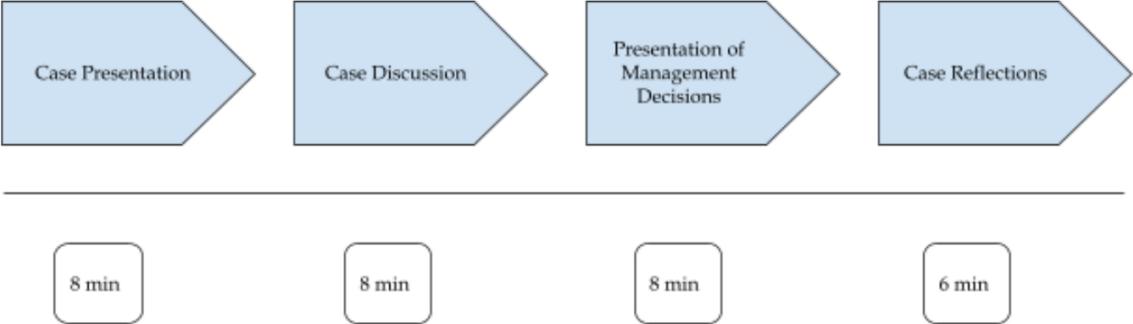
At the end of the discussion, moderators may ask groups for volunteers to present their results of their group discussion.

Conclude

Reflection is an important part of an education process, so it is advised to ask participants to reflect on the case, the group discussion they had, and, finally, challenges and learning that they experienced during the discussion.

Finally, true managerial decisions should be presented. Participants should be asked for the evaluation of these decisions. After that, the case can be closed.

Time Plan



Reflections

The theme idea of Corona beer emerged as a joke but surprisingly found strong support from the group members and our professor, Mats Urde. The topic appeared to be time relevant and unique due to the environment and the nature of the issues which challenged the brand. The more we worked on the topic, the more it engaged us. Having started with one core idea we suddenly discovered the versatility of the topic and tried to reflect it in our work to the maximum extent.

The case wasn't without its challenges however. Many factors of the case called into question whether or not it was a suitable choice. For one, as the pandemic is still ongoing one could argue that the case itself in a way is still ongoing, although it doesn't seem likely to take any new turns at this point in time. Another difficulty is the fact that no clear management decision is available, and rather all the information on the actions taken by management had to be extrapolated from the marketing materials the company has made available during this time. This became problematic as some materials they put out during this time were consequently deleted, and what we were able to find after the fact may only be fragments of the bigger picture. It was also unclear as to when the removal of this material took place, complicating the analysis we attempted to make. One aspect that at first seemed like it would complicate the case was the fact that the brand is owned not by a single company but by two competitors owning the rights to the brand in different markets. However, this ended up giving us two different approaches to the problem that the case posed which enriched the analysis and what could be learned from the case. The challenging circumstances presented to us in writing the case allowed us to learn how to better overcome these kinds of challenges and may prove useful later in our future careers.

While working in a group we were also given the opportunity to learn from each other. Coming from different countries and having varying backgrounds, we formed a truly international team which allowed for multidimensional conversation and rich context of our cases. Given the situation with the pandemic, we had to collaborate digitally and work on the case and the presentation over Zoom, many times from completely different locations and even across time zones. While working completely digitally proved challenging at times, being able to handle a project of this size under such circumstances is sure to be something that will end up being of use as working from home proliferates in the time of this pandemic.

References

Keller, K.L. (1993). Conceptualizing, measuring, and managing customer-based brand equity. *Journal of Marketing*, pp. 1-22

Roper, S. & Fill, C. (2012). *Corporate Reputation, Brand and Communication*, Pearson Education Limited